

Regulation 29—Correlated Sales of Life Insurance and Equity Products

§7901. Purpose

A. This directive is for the purpose of establishing minimum standards for the form of proposals and statements used to solicit, service, or collect premiums for life insurance which is sold in connection with any equity product which is registered with the federal securities and exchange commission.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:2.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Commissioner of Insurance, March 1, 1969.

§7903. Applicability

A. This directive shall apply:

1. to acts and practices in the advertising, promotion, solicitation, negotiation of or effecting the sale of:

- a. life insurance policies (which term shall include annuity contracts for the purpose of Regulation 29) in correlation with the sale of equity products;

- b. contracts which contemplate the purchase of a life insurance policy in correlation with the sale of equity products;

2. to any acts and practices, whether they involve the use of language disseminated by means of sales kits, policy jackets or covers, letters, personal presentations, visual aids and other sales media in connection with the solicitation, sale, servicing or collection of premiums for life insurance in correlation with equity products, engaged in by any insurance company, agent, or person as defined in R.S. 22:1212.

B. As used in this directive, in referring to sales of insurance and equity products described in R.S. 22:1214(11), the terms "correlated sales" or "sales in connection with" shall include, but not be limited to, the following:

1. sales of insurance and equity products as part of an integrated plan;

2. sales in which both life insurance and equity products are offered as part of the same investment program;

3. sales programs in which both life insurance and equity products are discussed and their purchase solicited during the same interview.

C. As used in this directive, the words *equity products* are defined as mutual funds, shares of investment companies, variable annuities, and face amount certificates of regulated investment companies, all of which are registered with the federal securities and exchange commission.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:2.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Commissioner of Insurance, March 1, 1969.

§7905. Statement of Policy

A. There shall be full disclosure of relevant facts in the sale of life insurance in correlation with the sale of equity products. Accordingly, this rule sets forth certain proposed procedures and requirements establishing minimum standards for disclosure of information in sales of life insurance and equity products.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:2.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Commissioner of Insurance, March 1, 1969.

§7907. Responsibility of Company and Agent

A. No insurance company, agent, or person to whom this rule applies shall make, in connection with correlated sales of life insurance and equity products, a proposal or billing other than in accordance with the requirements of this directive. Every such company must inform its agents of the requirements of this directive.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:2.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Commissioner of Insurance, March 1, 1969.

§7909. Tie-In Sales

A. The agent, at the commencement of, and throughout the sales presentation, must fully disclose to the purchaser that he has the right to purchase life insurance only, equity products only, or both life insurance and equity products.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:2.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Commissioner of Insurance, March 1, 1969.

§7911. Written Proposal

A. In any solicitation of an offer to buy, or in any sale of life insurance in correlation with the sale of equity products, the prospect or policyholder must be furnished a copy of a clear and unambiguous written proposal not later than at the time the solicitation or proposal is made. A copy of such written proposal shall be kept on file by the agent, or by the company if no agent is involved.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:2.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Commissioner of Insurance, March 1, 1969.

§7913. Contents of Proposal

A. Any proposal referred to in this directive must:

1. be dated and signed by the insurance agent;
2. state the name and the company in which the life insurance is to be written;
3. state that the purchaser has the right to purchase life insurance only, equity products only, or both life insurance and equity products;
4. contain no misrepresentation or false, deceptive or misleading words, figures or statements. It must be accurate and complete and state all facts without which the proposal would have the capacity or tendency to mislead or deceive;
5. show the premium charged for life insurance separately from any other charge;
6. if values which may accrue prior to the death of the insured are involved in the presentation, show the value of the life insurance policy separately from any other values;
7. show, if it is involved in the presentation, the amount of the death benefit for the life insurance separately from any other benefit which any accrue upon the death of the insured;
8. set forth all matters pertaining to life insurance separately from any matter not pertaining to life insurance;

9. set forth policy numbers, name of company, face values and cash values of all existing policies of the insured, which are to be surrendered if the proposal is accepted.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:2.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Commissioner of Insurance, March 1, 1969.

§7915. Statement to Be Separate

A. Any bill, statement, draft, or representation sent or delivered to any prospect or policyholder must show the premium charged for the life insurance and any other information mentioned concerning life insurance separate from any other charge or value shown in the same billing, but nothing in 7915 shall prevent the total of the premium charge for life insurance with any other charge or value shown in the same billing to arrive at the total billing charge.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:2.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Commissioner of Insurance, March 1, 1969.

§7917. Maintenance of File by Company

A. File of Advertising and Other Sales Material. Each insurance company to whom this rule applies shall maintain at its home or principal office a complete file containing every printed, published or prepared advertisement, advertisement material, sales literature and sales aid of any other kind used in connection with the correlated sale of life insurance and equity products as may hereafter be prepared or disseminated in this state, with a notation attached to each such piece of material which shall indicate the manner and extent of distribution, the nature of use and the form number of any policy issued in connection with such correlated plan and such document. Such file shall be subject to regular and periodic inspection by the department of insurance of the State of Louisiana. All such material shall be maintained in the file for a period of not less than three years.

B. Certificate of Compliance. Each insurer required to file an annual statement which is now or which hereafter becomes subject to the provisions of Regulation 29 must be file with this department, together, with its annual statement, a certificate executed by an authorized officer of the insurer wherein it is stated that, to the best of his knowledge, information and belief, the advertisement, advertising material, sales literature and sales aids which were disseminated by the insurer during the preceding statement year comply or were made to comply in all respects with the provisions of the insurance laws of this state as implemented and interpreted by this directive.

C. Companies in violation of this directive shall be subject to having their certificate of authority to transact business in Louisiana revoked or suspended, and agents in violation of this rule shall be subject to having their agent's license suspended or revoked or a fine not to exceed \$500.00 levied for each violation.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:2.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Commissioner of Insurance, March 1, 1969.

§7919. Effective Date

A. This directive shall become effective March 1, 1969.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:2.

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